

Unaudited condensed consolidated interim financial statements of

**ROGERS SUGAR INC.**

Three months ended January 1, 2022 and January 2, 2021

(Unaudited and not reviewed by the Company's external independent auditors)

(Unaudited)

## Condensed consolidated interim statements of earnings and comprehensive income

(In thousands of dollars except per share amounts)

	For the three months ended	
	January 1, 2022	January 2, 2021
Condensed consolidated interim statements of earnings		
Revenues (note 13)	230,755	223,840
Cost of sales	187,269	185,227
Gross margin	43,486	38,613
Administration and selling expenses	11,486	9,598
Distribution expenses	4,663	5,683
	16,149	15,281
Results from operating activities	27,337	23,332
Net finance costs (note 5)	4,417	4,696
Earnings before income taxes	22,920	18,636
Income tax expense (recovery):		
Current	6,719	4,776
Deferred	(1,025)	87
	5,694	4,863
Net earnings	17,226	13,773
Net earnings per share (note 10)		
Basic	0.17	0.13
Diluted	0.15	0.13

	For the three months ended	
	January 1, 2022	January 2, 2021
Condensed consolidated interim statements of comprehensive (loss) income		
Net earnings	17,226	13,773
Other comprehensive (loss) income		
Items that may or may not be reclassified subsequently to net earnings:		
Cash flow hedges (note 6)	(4,017)	(38)
Income tax on cash flow hedges (note 6)	1,031	10
Foreign currency translation differences	17	(901)
	(2,969)	(929)
Net earnings and comprehensive income for the period	14,257	12,844

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

(Unaudited)  
Condensed consolidated interim statements of financial position  
(In thousands of dollars)

	January 1, 2022	October 2, 2021	January 2, 2021
<b>Assets</b>			
Current assets:			
Cash	2,867	15,643	9,808
Trade and other receivables	72,311	95,546	82,597
Income taxes receivable	269	285	1,460
Inventories	227,780	180,291	189,619
Prepaid expenses	3,175	4,570	6,696
Derivative financial instruments (note 6)	2,580	5,897	5,250
<b>Total current assets</b>	<b>308,982</b>	<b>302,232</b>	<b>295,430</b>
Non-current assets:			
Property, plant and equipment	241,529	241,713	232,550
Right-of-use assets	25,642	18,526	19,507
Intangible assets	27,070	28,034	30,808
Other assets	757	548	695
Derivative financial instruments (note 6)	5,379	5,870	1,047
Goodwill	283,007	283,007	283,007
<b>Total non-current assets</b>	<b>583,384</b>	<b>577,698</b>	<b>567,614</b>
<b>Total assets</b>	<b>892,366</b>	<b>879,930</b>	<b>863,044</b>
<b>Liabilities and Shareholder's Equity</b>			
Current liabilities:			
Revolving credit facility (note 7)	36,000	-	60,000
Trade and other payables	88,149	119,940	106,797
Income taxes payable	2,048	3,454	-
Provisions	1,220	1,394	431
Lease obligations	3,394	3,049	3,635
Derivative financial instruments (note 6)	1,549	2,089	1,961
<b>Total current liabilities</b>	<b>132,360</b>	<b>129,926</b>	<b>172,824</b>
Non-current liabilities:			
Revolving credit facility (note 7)	100,000	100,000	165,000
Employee benefits	29,411	29,299	59,212
Provisions	2,431	2,431	437
Derivative financial instruments (note 6)	-	546	6,377
Lease obligations	22,232	15,443	15,567
Convertible unsecured subordinated debentures (note 8)	148,225	147,742	146,307
Senior guaranteed notes	98,811	98,785	-
Deferred tax liabilities	34,744	36,800	23,267
<b>Total non-current liabilities</b>	<b>435,854</b>	<b>431,046</b>	<b>416,467</b>
<b>Total liabilities</b>	<b>568,214</b>	<b>560,972</b>	<b>589,291</b>
Shareholder's equity:			
Share capital (note 9)	100,408	100,139	99,452
Contributed surplus	300,891	300,887	300,830
Equity portion of convertible unsecured subordinated debentures (note 8)	5,085	5,085	5,085
Deficit	(98,714)	(106,604)	(112,376)
Accumulated other comprehensive (loss) income	16,482	19,451	(19,238)
<b>Total shareholder's equity</b>	<b>324,152</b>	<b>318,958</b>	<b>273,753</b>
<b>Total liabilities and shareholder's equity</b>	<b>892,366</b>	<b>879,930</b>	<b>863,044</b>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of changes in shareholders' equity

(In thousands of dollars except number of shares)

	For the three months ended January 1, 2022								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain (loss)	Accumulated foreign currency translation differences	Deficit	Total
Balance, October 2, 2021	103,686,923	100,139	300,887	5,085	12,450	7,240	(239)	(106,604)	318,958
Net earnings for the period	-	-	-	-	-	-	-	17,226	17,226
Dividends (note 9)	-	-	-	-	-	-	-	(9,336)	(9,336)
Issuance of shares (note 9)	45,000	269	(16)	-	-	-	-	-	253
Share-based compensation (note 11)	-	-	20	-	-	-	-	-	20
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(2,986)	-	-	(2,986)
Translation of foreign operations	-	-	-	-	-	-	17	-	17
<b>Balance, January 1, 2022</b>	<b>103,731,923</b>	<b>100,408</b>	<b>300,891</b>	<b>5,085</b>	<b>12,450</b>	<b>4,254</b>	<b>(222)</b>	<b>(98,714)</b>	<b>324,152</b>

	For the three months ended January 2, 2021								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain (loss)	Accumulated foreign currency translation differences	Deficit	Total
Balance, October 3, 2020	103,536,923	99,452	300,794	5,085	(12,983)	(6,119)	793	(116,831)	270,191
Net earnings for the period	-	-	-	-	-	-	-	13,773	13,773
Dividends (note 9)	-	-	-	-	-	-	-	(9,318)	(9,318)
Share-based compensation (note 11)	-	-	36	-	-	-	-	-	36
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(28)	-	-	(28)
Translation of foreign operations	-	-	-	-	-	-	(901)	-	(901)
<b>Balance, January 2, 2021</b>	<b>103,536,923</b>	<b>99,452</b>	<b>300,830</b>	<b>5,085</b>	<b>(12,983)</b>	<b>(6,147)</b>	<b>(108)</b>	<b>(112,376)</b>	<b>273,753</b>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of cash flows  
(In thousands of dollars)

	For the three months ended	
	January 1, 2022	January 2, 2021
Cash flows from operating activities:		
Net earnings	17,226	13,773
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	5,447	5,273
Amortization of intangible assets (note 4)	964	956
Changes in fair value of derivative financial instruments included in cost of sales	(694)	(3,576)
Income tax expense	5,694	4,863
Pension contributions	(1,990)	(2,090)
Pension expense	2,102	2,390
Net finance costs (note 5)	4,417	4,696
Share-based compensation – equity settled (note 11)	20	36
Share-based compensation – cash settled (note 11)	2,164	-
Gain on disposal of property, plant and equipment	-	(55)
	<b>35,350</b>	<b>26,266</b>
Changes in:		
Trade and other receivables	23,235	11,590
Inventories	(47,489)	(9,105)
Prepaid expenses	1,395	1,226
Trade and other payables	(32,511)	(24,637)
Provisions	(174)	(69)
	<b>(55,544)</b>	<b>(20,995)</b>
Cash flows (used in) from operating activities	<b>(20,194)</b>	<b>5,271</b>
Interest paid	(7,062)	(5,810)
Income taxes paid	(8,105)	(4,185)
Net cash from operating activities	<b>(35,361)</b>	<b>(4,724)</b>
Cash flows (used in) from financing activities:		
Dividends paid (note 9)	(9,332)	(9,318)
Decrease in bank overdraft	-	(2,797)
Increase in revolving credit facility (note 7)	36,000	31,000
Payment of financing fees	(268)	-
Payment of lease obligations	(1,246)	(1,902)
Issuance of shares (note 9)	253	-
Cash flow (used in) from financing activities	<b>25,407</b>	<b>16,983</b>
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	(2,838)	(4,147)
Additions to intangible assets	-	(234)
Cash flow used in investing activities	<b>(2,838)</b>	<b>(4,381)</b>
Effect of changes in exchange rate on cash	16	(44)
Net (decrease) increase in cash	<b>(12,776)</b>	<b>7,834</b>
Cash, beginning of period	<b>15,643</b>	<b>1,974</b>
Cash, end of period	<b>2,867</b>	<b>9,808</b>

Supplemental cash flow information (note 12)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

### 1. Reporting entity:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three month periods ended January 1, 2022 and January 2, 2021 comprise Rogers and the directly and indirectly controlled subsidiaries, Lantic Inc. ("Lantic") and The Maple Treat Corporation ("TMTC"), (together referred to as the "Company"). The principal business activities of the Company are the refining, packaging and marketing of sugar and maple products.

### 2. Basis of presentation and statement of compliance:

#### (A) STATEMENT OF COMPLIANCE:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* on a basis consistent with those accounting policies followed by the Company in the most recent audited consolidated annual financial statements. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended October 2, 2021. The quarterly unaudited condensed consolidated interim financial statements were neither reviewed nor audited by our external auditors and were authorized for issue by the Board of Directors on February 9, 2022.

#### (B) BASIS OF MEASUREMENT:

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the unaudited condensed consolidated statements of financial position:

- (i) derivative financial instruments are measured at fair value,
- (ii) equity-settled share-based compensation, cash-settled share appreciation rights and cash-settled performance share units are measured at fair value,
- (iii) the defined benefit liability is recognized as the net total of the present value of the defined benefit obligation less the total of the fair value of the plan assets and the unrecognized past service costs,
- (iv) assets and liabilities acquired in business combinations are measured at fair value at acquisition date, less any subsequent impairment, if applicable; and,
- (v) lease obligations which are measured at the present value of minimum lease liabilities in accordance with IFRS 16 *Leases*.

#### (C) FUNCTIONAL AND PRESENTATION CURRENCY:

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars since it is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousands, except as noted and per share amounts.

#### (D) USE OF ESTIMATES AND JUDGEMENTS:

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended October 2, 2021.

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended October 2, 2021 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

## (A) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended January 1, 2022 and have not been applied in preparing these unaudited condensed consolidated interim financial statements. New standards and amendments to standards and interpretations that are currently under review include:

- Annual Improvements to IFRS Standards 2018-2020
- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

The Company does not intend to adopt any of these standards and interpretations in its consolidated financial statements before the annual period beginning on October 2, 2022. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

## 4. Depreciation and amortization expense:

Depreciation and amortization expense were charged to the unaudited condensed consolidated interim statements of earnings as follows:

	For the three months ended	
	January 1, 2022	January 2, 2021
Depreciation of property, plant and equipment:		
Cost of sales	4,278	3,796
Administration and selling expenses	118	141
	<b>4,396</b>	<b>3,937</b>
Depreciation of right-of-use assets:		
Cost of sales	634	962
Distribution expenses	417	374
	<b>1,051</b>	<b>1,336</b>
Amortization of intangible assets:		
Administration and selling expenses	964	956
Total depreciation and amortization expense	<b>6,411</b>	<b>6,229</b>

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended	
	January 1, 2022	January 2, 2021
Interest expense on convertible unsecured subordinated debentures, including accretion expense <sup>(1)</sup>	2,050	2,038
Interest on revolving credit facility	1,286	1,712
Interest on senior guaranteed notes	896	-
Amortization of deferred financing fees	306	296
Other interest expense	261	418
Interest accretion on discounted lease obligations	212	232
Net change in fair value of interest rate swap (note 6)	(594)	-
Net finance costs recognized in net earnings	4,417	4,696

(1) Includes accretion expense of \$236 for the three months ended January 1, 2022 (January 2, 2021 - \$223)

## 6. Financial instruments:

Disclosures relating to risks exposures, in particular credit risk, liquidity risk, foreign currency risk, interest rate risk and equity risk were provided in the October 2, 2021 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three months ended January 1, 2022.

For its financial assets and liabilities measured at amortized cost as at January 1, 2022, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

Details of recorded gains (losses) for the year, in marking-to-market all derivative financial instruments and embedded derivatives that are outstanding at quarter end, are noted below. For sugar futures contracts (derivative financial instruments), the amounts noted below are netted with the variation margins paid or received to/from brokers at the end of the reporting period. Natural gas forwards and sugar futures have been marked-to-market using published quoted values for these commodities, while foreign exchange forward contracts have been marked-to-market using rates published by the financial institution which is counterparty to these contracts.

As at January 1, 2022, October 2, 2021 and January 2, 2021, the Company's financial derivatives carrying values were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	January 1, 2022		January 1, 2022	
<b>Derivative financial instruments measured at fair value through profit or loss:</b>				
Sugar futures contracts	99	274	-	-
Foreign exchange forward contracts	244	117	129	-
Interest rate swap	-	451	322	-
<b>Derivative financial instruments designated as effective cash flow hedging instruments:</b>				
Natural gas futures contracts	2,237	3,830	-	-
Interest rate swap	-	707	1,098	-
	2,580	5,379	1,549	-



Notes to unaudited condensed consolidated interim financial statements  
(In thousands of dollars except as noted and amounts per share)

## 6. Financial instruments: (continued)

	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	October 2, 2021				January 2, 2021			
<b>Derivative financial instruments measured at fair value through profit or loss:</b>								
Sugar futures contracts	-	120	142	-	11	410	-	-
Foreign exchange contracts	18	127	213	-	5,239	637	-	-
Interest rate swap	-	-	455	16	-	-	-	-
<b>Derivative financial instruments designated as effective cash flow hedging instruments:</b>								
Natural gas futures contracts	5,879	5,623	-	-	-	-	392	1,619
Interest rate swap	-	-	1,279	530	-	-	1,569	4,758
	5,897	5,870	2,089	546	5,250	1,047	1,961	6,377

	Charged to cost of sales Unrealized gain / (loss)		Charged to finance income (costs)		For the three months ended Other comprehensive gain / (loss)	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	<b>Derivative financial instruments measured at fair value through profit or loss:</b>					
Sugar futures contracts	123	(421)	-	-	-	-
Foreign exchange forward contracts	(206)	4,394	-	-	-	-
Interest rate swap	-	-	594	-	-	-
<b>Derivative financial instruments designated as effective cash flow hedging instruments:</b>						
Natural gas futures contracts	-	-	-	-	(5,435)	(435)
Interest rate swap	-	-	-	-	1,418	397
	(83)	3,973	594	-	(4,017)	(38)

The following table summarizes the Company's hedging components of accumulated other comprehensive income (loss) ("AOCI") as at January 1, 2022 and January 2, 2021:

	January 1, 2022			January 2, 2021		
	Natural gas futures contracts	Interest rate swap	Total	Natural gas futures contracts	Interest rate swap	Total
Opening AOCI	12,212	(2,617)	9,595	(865)	(7,513)	(8,378)
Income taxes	(3,646)	1,291	(2,355)	(289)	2,548	2,259
Opening AOCI – net of income taxes	8,566	(1,326)	7,240	(1,154)	(4,965)	(6,119)
Change in fair value of derivatives designated as cash flow hedges	(5,435)	1,418	(4,017)	(435)	397	(38)
Income taxes	1,395	(364)	1,031	112	(102)	10
Ending AOCI – net of income taxes	4,526	(272)	4,254	(1,477)	(4,670)	(6,147)

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 6. Financial instruments: (continued)

The aggregate notional amount of all the interest rate swap agreements is as follows:

Fiscal year contracted	Date	Total value \$
Fiscal 2017	May 29, 2017 to June 28, 2022 – 1.454%	20,000
Fiscal 2017	September 1, 2017 to June 28, 2022 – 1.946%	30,000
Fiscal 2017	June 29, 2020 to June 29, 2022 – 1.733%	30,000
Fiscal 2019	March 12, 2019 to June 28, 2024 – 2.08%	20,000
Fiscal 2019	June 28, 2022 to June 28, 2024 – 2.17%	80,000
Fiscal 2020	October 3, 2019 to June 28, 2024 – 1.68%	20,000
Fiscal 2020	February 24, 2020 to June 28, 2025 – 1.60%	20,000
Fiscal 2020	June 28, 2021 to June 28, 2023 – 1.08%	10,000
Fiscal 2020	June 28, 2024 to June 28, 2025 – 1.18%	80,000

## 7. Revolving credit facility:

The Company has a total of \$200.0 million of available working capital under the revolving credit facility, which matures on November 23, 2026, from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios.

Certain assets of the Company, including trade receivables, inventories and property, plant and equipment, have been pledged as security for the revolving credit facility. As at January 1, 2022, a total of \$523.5 million of assets are pledged as security (October 2, 2021 - \$498.5 million; January 2, 2021 - \$485.7 million). The Company must comply with certain financial covenants related to the revolving credit facility on a quarterly basis. The Company was in compliance with the financial covenants at quarter end.

The following amounts were outstanding under the revolving credit facility as of:

	January 1, 2022	October 2, 2021	January 2, 2021
Current	36,000	-	60,000
Non-current	100,000	100,000	165,000
	<b>136,000</b>	<b>100,000</b>	<b>225,000</b>

The carrying value of the revolving credit facility approximates fair value as the borrowings bear interest at variable rates.

## 8. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	January 1, 2022	October 2, 2021	January 2, 2021
Sixth series	57,425	57,425	57,425
Seventh series	97,575	97,575	97,575
Total face value	155,000	155,000	155,000
Less deferred financing fees	(3,276)	(3,523)	(4,265)
Less equity component	(6,930)	(6,930)	(6,930)
Accretion expense on equity component	3,431	3,195	2,502
Total carrying value – non current	<b>148,225</b>	<b>147,742</b>	<b>146,307</b>

The fair value of the Sixth and Seventh series debentures as at January 1, 2022 were approximately \$159.8 million based on market quotes.

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 9. Share capital and other components of equity:

As of January 1, 2022, a total of 103,731,923 common shares (October 2, 2021 – 103,686,923; January 2, 2021 – 103,536,923) were outstanding.

During the first quarter, 45,000 stock options have been exercised for a net proceeds of \$253,000 and reversal of previously recognized share-based compensation recorded in contributed surplus of \$16,000 (note 11).

The Company declared a quarterly dividend of \$0.09 per share during the three-month period ending January 1, 2022 and January 2, 2021:

	January 1, 2022	January 2, 2021
Dividends	9,336	9,318

## 10. Earnings per share:

Reconciliation between basic and diluted earnings per share is as follows:

	For the three months ended	
	January 1, 2022	January 2, 2021
Basic earnings per share:		
Net earnings	17,226	13,773
Weighted average number of shares outstanding	103,694,006	103,536,923
Basic earnings per share	0.17	0.13
Diluted earnings per share:		
Net earnings	17,226	13,773
Plus impact of convertible unsecured subordinated debentures	1,635	1,488
	18,861	15,261
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	103,694,006	103,536,923
Plus impact of convertible unsecured subordinated debentures	17,977,603	17,977,603
Plus impact of share options <sup>(1)</sup>	312,986	-
	121,984,595	121,514,526
Diluted earnings per share	0.15	0.13

(1) For the three months ended January 2, 2021, the share options were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 11. Share-based compensation:

## (A) EQUITY-SETTLED SHARE-BASED COMPENSATION:

On December 6, 2021, a total of 802,564 share options were granted at a price of \$5.85 per common share to certain executives.

The measurement date fair values were measured based on the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values of the share-based payment plans granted in the first quarter of fiscal 2022 are the following:

Total fair value of options	\$227,000
Share price	\$5.94
Exercise price	\$5.85
Expected volatility (weighted average volatility)	15.057% to 16.877%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	6.06%
Weighted average risk-free interest rate (based on government bonds)	1.323% to 1.415%

Total share-based compensation expense is amortized over the service period and included in administration and selling expenses with an offsetting credit to contributed surplus. An expense of \$20,000 was recorded for the three months period ended January 1, 2022 (an expense of \$36,000 for the three months period ended January 2, 2021).

The following tables summarize information about the Share option Plan as of January 1, 2022:

Exercise price per option	Outstanding number of options at October 2, 2021	Options granted during the three month period	Options exercised during the three month period	Options forfeited during the three month period	Outstanding number of options at January 1, 2022	Weighted average remaining life	Number of options exercisable
\$4.28	200,000	-	-	-	200,000	8.22	-
\$4.59	730,000	-	-	-	730,000	3.39	730,000
\$4.68	563,500	-	-	-	563,500	7.92	225,400
\$5.58	447,175	-	-	-	447,175	6.92	268,305
\$5.61	80,000	-	(45,000)	-	35,000	0.22	35,000
\$5.85	-	802,564	-	-	802,564	9.93	-
\$6.23	705,322	-	-	-	705,322	5.93	612,258
\$6.51	360,000	-	-	-	360,000	4.93	360,000
	3,085,997	802,564	(45,000)	-	3,843,561	n/a	2,230,963

Options outstanding held by key management personnel amounted to 3,523,561 options as at January 1, 2022 and 2,765,997 options as at October 2, 2021.

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 11. Share-based compensation: (continued)

## (B) CASH-SETTLED SHARE-BASED COMPENSATION-PERFORMANCE SHARE UNITS ("PSU"):

## Fiscal 2022 grant:

On December 6, 2021, a total of 386,709 PSUs were granted to certain executives and other members of the management team at a price of \$5.85. These PSUs will vest at the end of the 2022-2024 performance cycle based on the achievement of total shareholder returns set by the Board of Directors of the Company. Following the end of a performance cycle, the Board of Directors of the Company will determine, and to the extent only that the vesting conditions include financial conditions, concurrently with the release of the Company's financial and/or operational results for the fiscal year ended at the end of the performance cycle, whether the vesting conditions for the PSUs granted to a participant relating to such performance cycle have been achieved. Depending on the achievement of the vesting conditions, between 0% and 200% of the PSUs will become vested.

The Board of Directors of the Company has the discretion to determine that all or a portion of the PSUs granted to a participant for which the vesting conditions have not been achieved shall vest to such participant.

The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU plan, and such date will in no event occur after December 31 of the third calendar year following the calendar year in which the PSUs are granted.

The fair values were established using the Monte Carlo model. The fair value as at grant date and January 1, 2022 was \$1,493,000. An expense of \$124,000 related to this specific grant was recorded for the three months period ending January 1, 2022 in administration and selling expenses.

## 12. Supplementary cash flow information:

	For the three months ended			For the year ended
	January 1, 2022	January 2, 2021	October 2, 2021	October 3, 2020
Non-cash transactions:				
Additions of property, plant and equipment and intangibles assets included in trade and other payables	3,012	3,058	1,638	1,239
Increase in asset retirement obligation provision included in property, plant and equipment	-	-	3,231	100
Additions to right-of-use assets	8,167	354	2,724	11,818

## Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

## 13. Segmented information:

The Company has two operating and reportable segments, sugar and maple products. The principal business activity of the sugar segment is the refining, packaging and marketing of sugar products. The Maple products segment processes pure maple syrup and related maple products. The reportable segments are managed independently as they require different technology and capital resources. Performance is measured based on the segments' gross margins and results from operating activities. These measures are included in the internal management reports that are reviewed by the Company's senior executives, and management believes that such information is the most relevant in the evaluation of the results of the segments.

Transactions between reportable segments are interest receivable (payable), which are eliminated upon consolidation.

	For the three months ended January 1, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	175,907	54,848	-	230,755
Cost of sales	137,101	50,168	-	187,269
Gross margin	38,806	4,680	-	43,486
Depreciation and amortization	4,701	1,710	-	6,411
Results from operating activities	25,884	1,988	(535)	27,337
Additions to property, plant and equipment and intangible assets, net of disposals	3,993	219	-	4,212
Additions to right-of-use assets	8,167	-	-	8,167

	As at January 1, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	823,714	234,144	(165,492)	892,366
Total liabilities	(939,330)	(131,269)	502,385	(568,214)

	For the three months ended January 2, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	159,459	64,381	-	223,840
Cost of sales	127,117	58,110	-	185,227
Gross margin	32,342	6,271	-	38,613
Depreciation and amortization	4,372	1,857	-	6,229
Results from operating activities	20,434	3,328	(430)	23,332
Additions to property, plant and equipment and intangible assets, net of disposals	6,089	111	-	6,200
Additions to right-of-use assets	354	-	-	354

	As at January 2, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	805,491	223,452	(165,899)	863,044
Total liabilities	(972,464)	(238,982)	622,155	(589,291)

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

13. Segmented information (continued):

Revenues were derived from customers in the following geographic areas:

	For the three months ended	
	January 1, 2022	January 2, 2021
Canada	176,878	163,088
United States	36,210	39,430
Europe	7,385	10,149
Other	10,282	11,173
	<b>230,755</b>	<b>223,840</b>